



Proposed Fiscal Year 2017 Budget

Building Financial Stability and Trust...

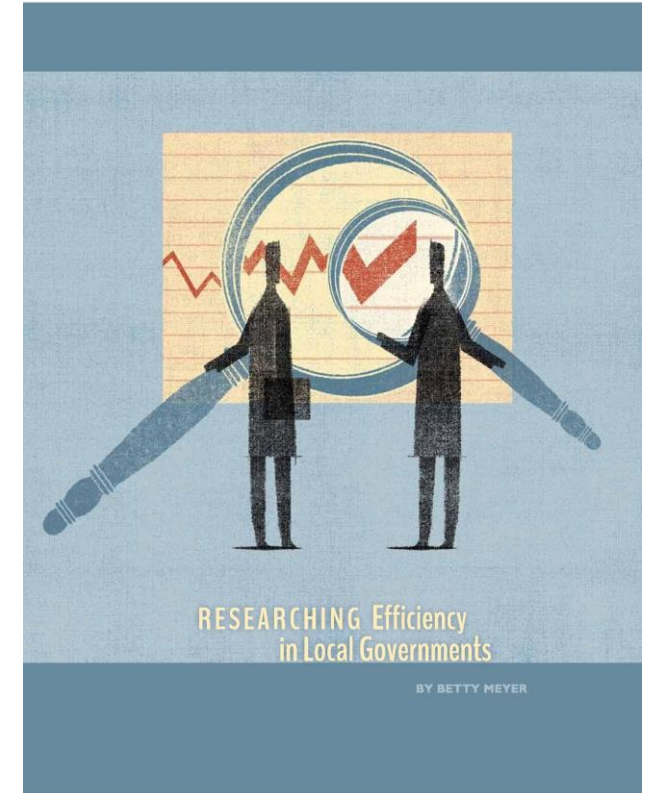
Community Engagement



Council Priorities

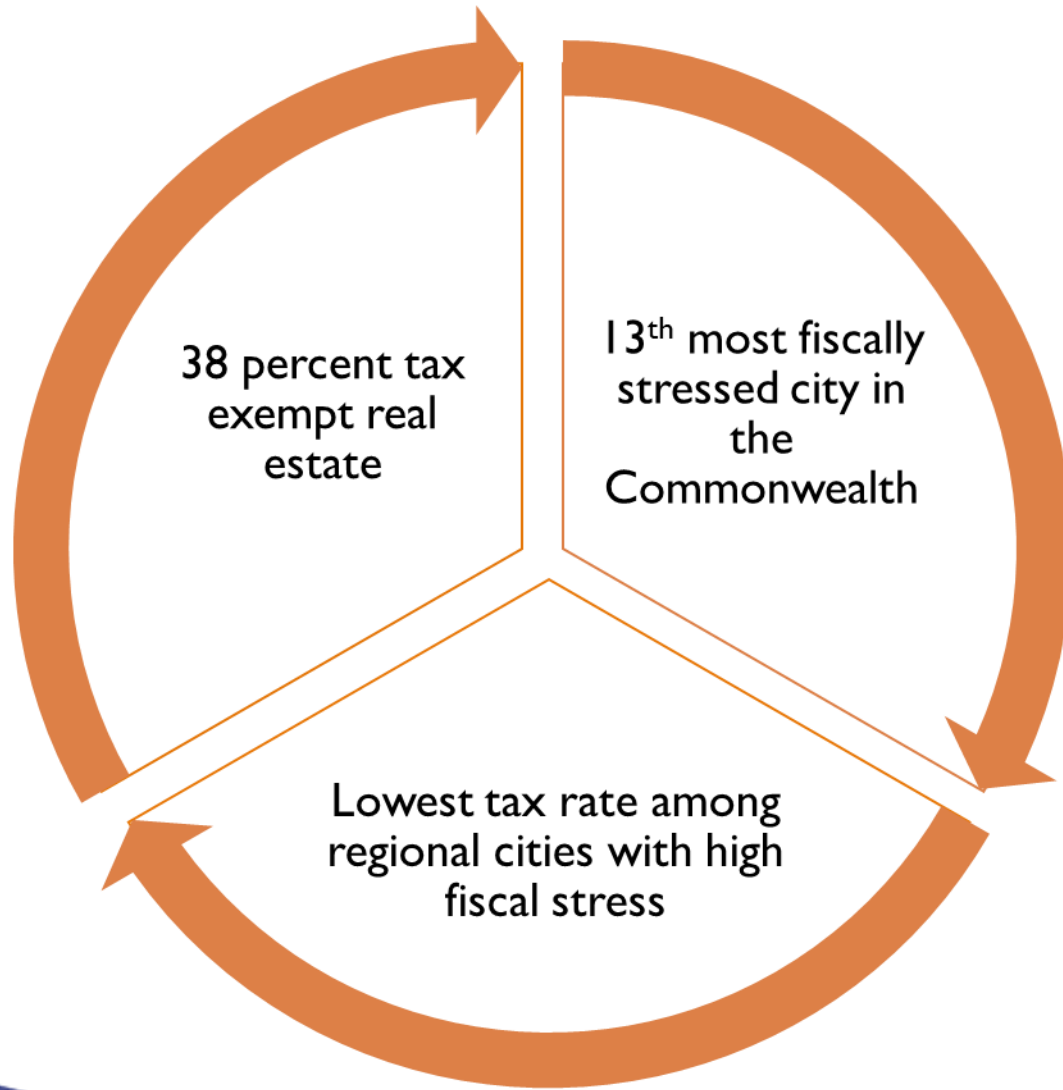


Best Practices

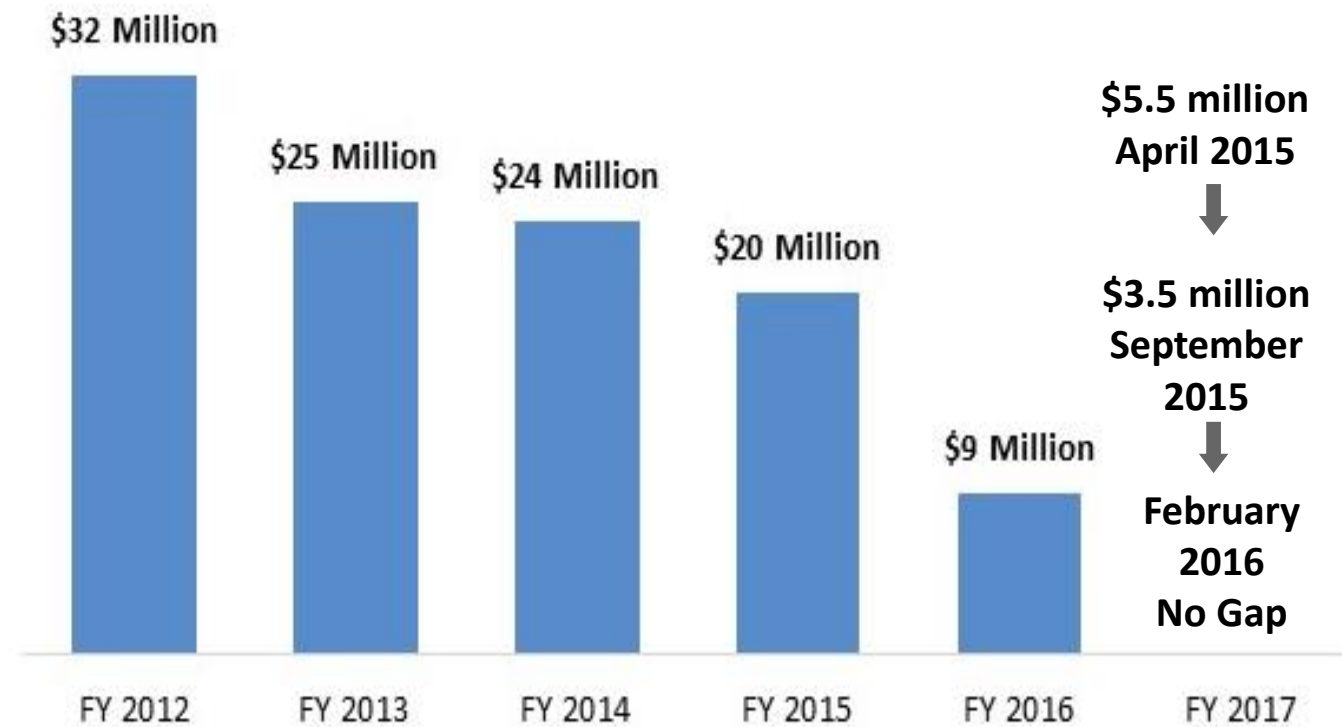


...and it's Working

Learning from the Past



Preliminary Budget Gaps (excludes Norfolk Public Schools)

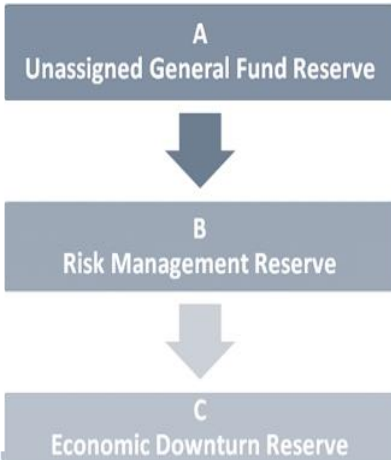


Sound Fiscal Leadership

Achieve Structural Balance

Increase Pay As You Go Capital Funding

Fully Fund Reserves



Unassigned Reserve
(5% Reserve)

FY 2011
\$41.6

FY 2016
\$42.3

Risk Management Reserve

FY 2011
\$1.9

FY 2016
\$5.0

Economic Downturn Reserve

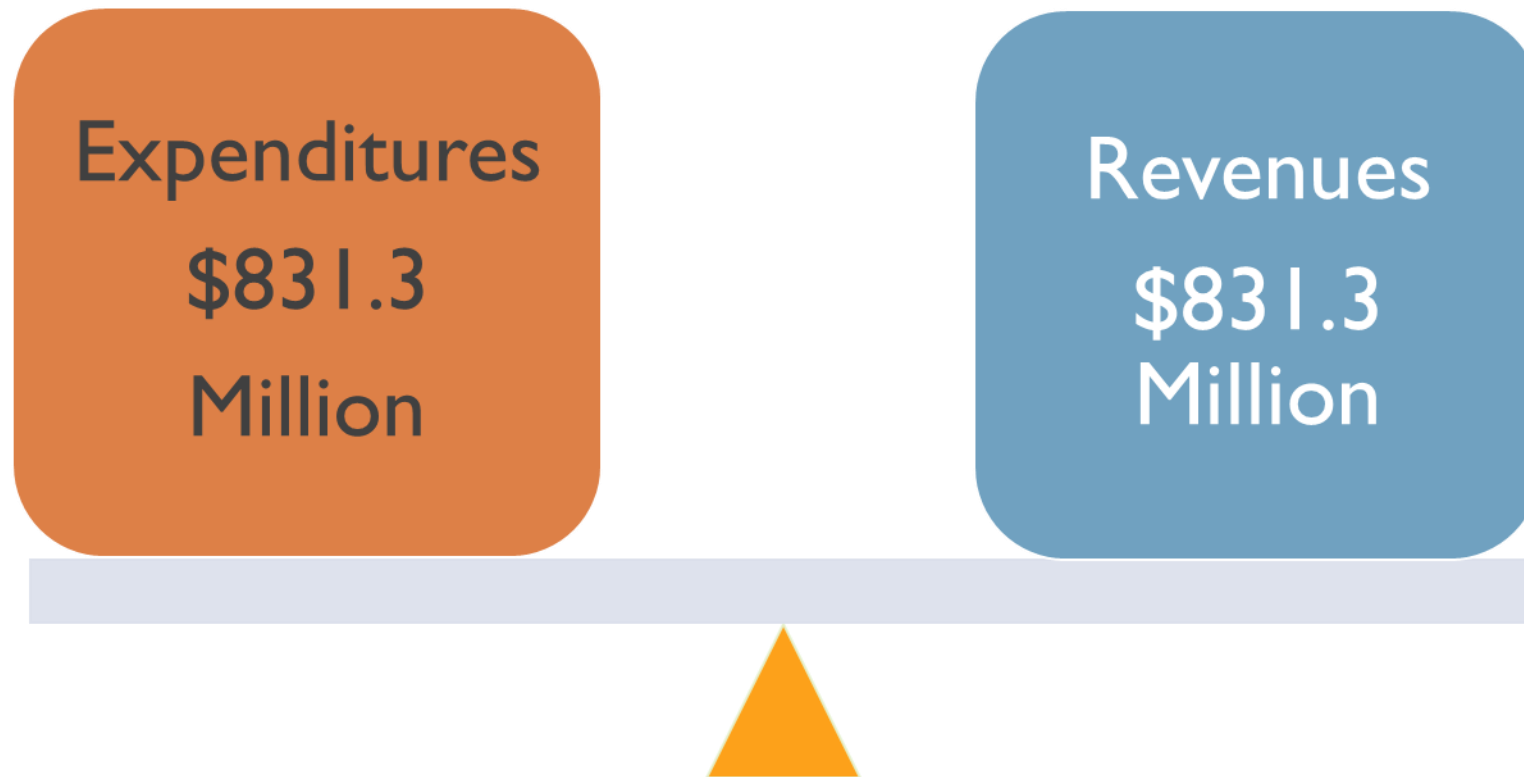
FY 2011
\$2.0

FY 2016
\$5.0

(amount shown in millions)

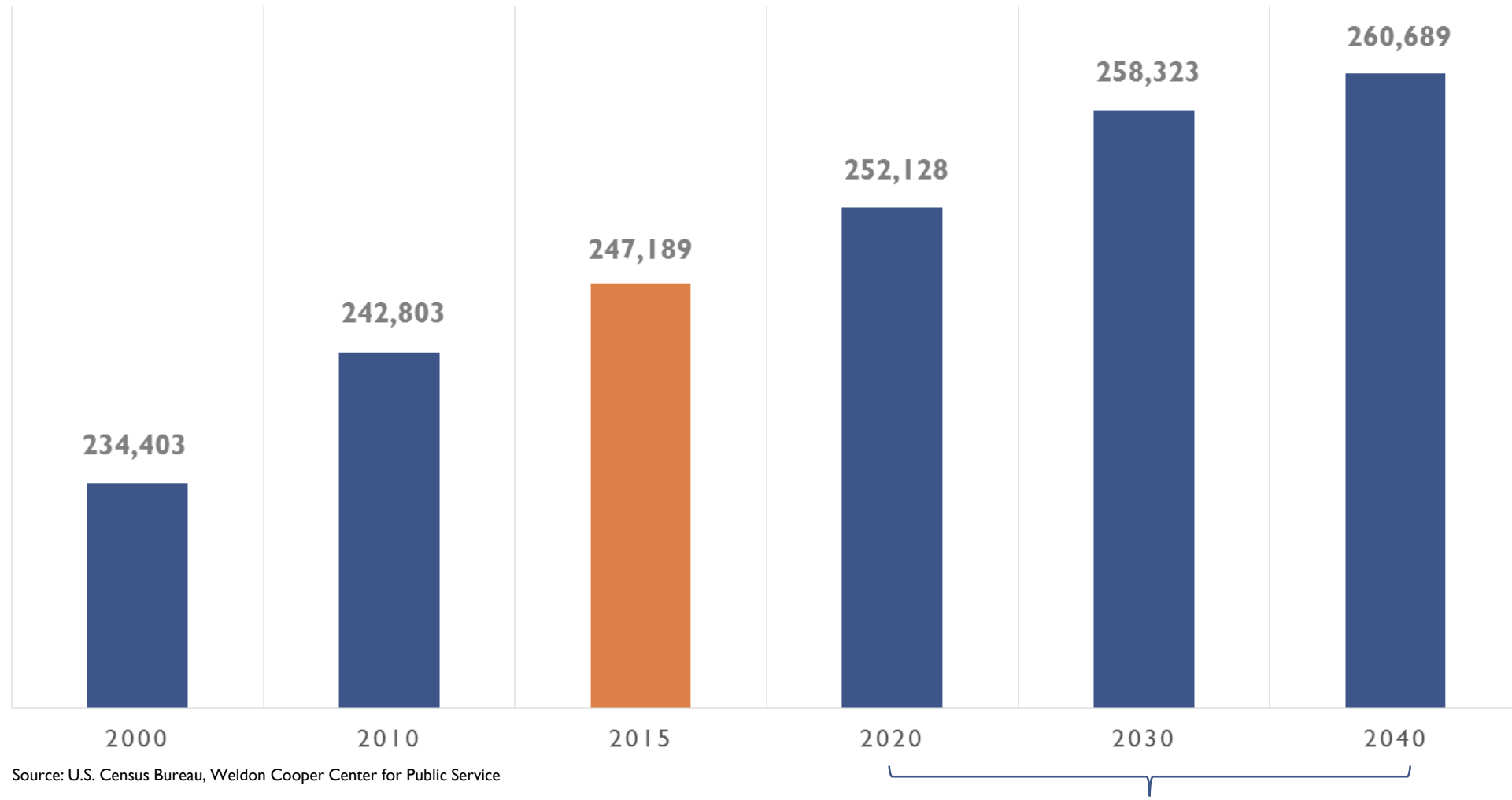
Building Structurally Balanced Budgets

Third consecutive year



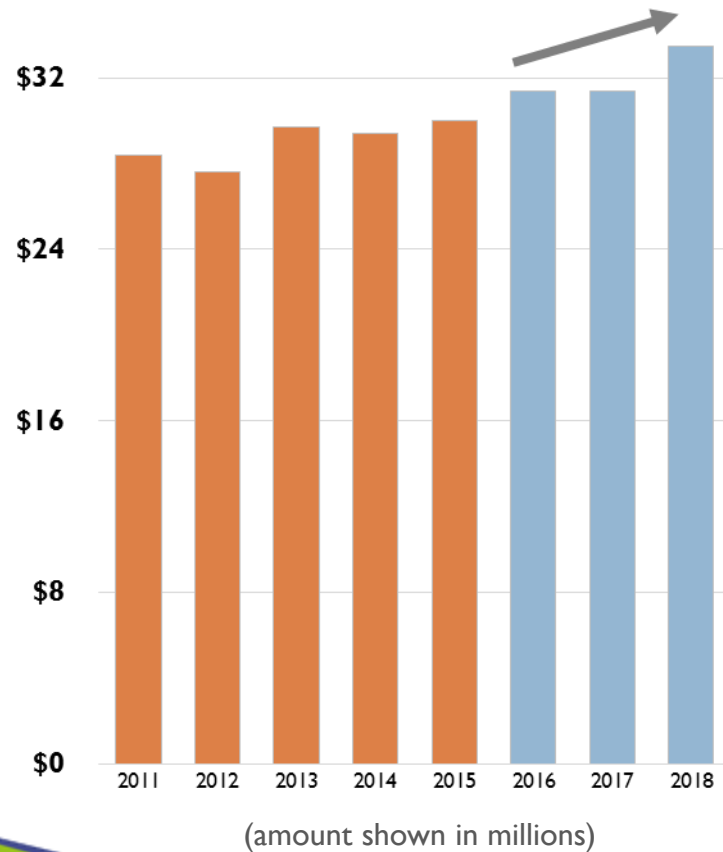
Proposed FY 2017 Budget

Population is Growing

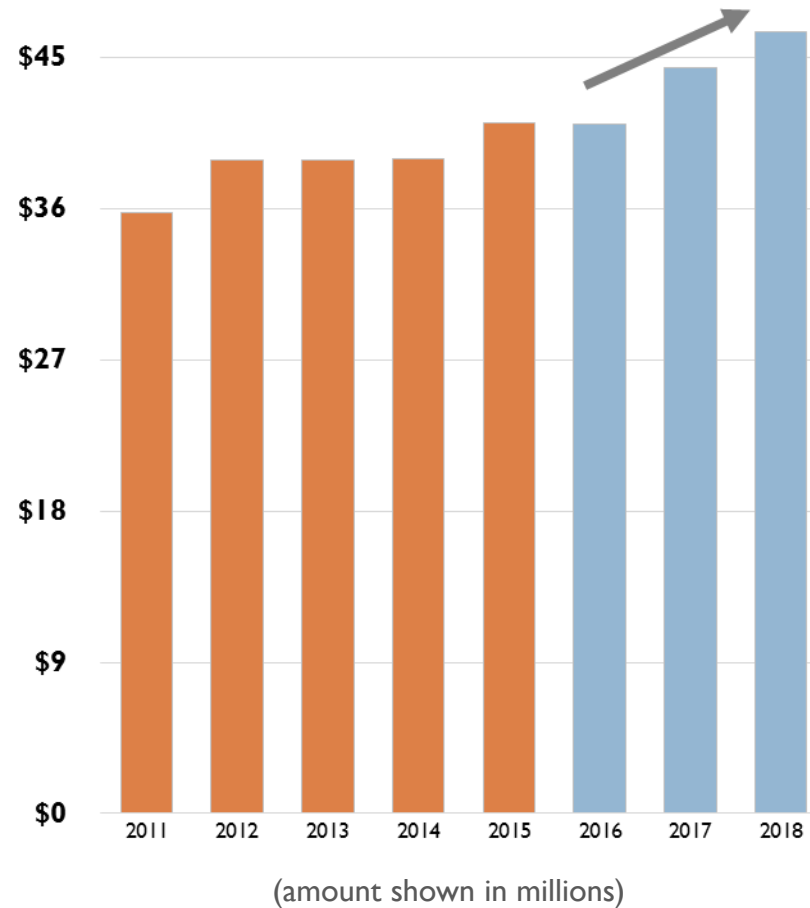


Local Revenue is Growing

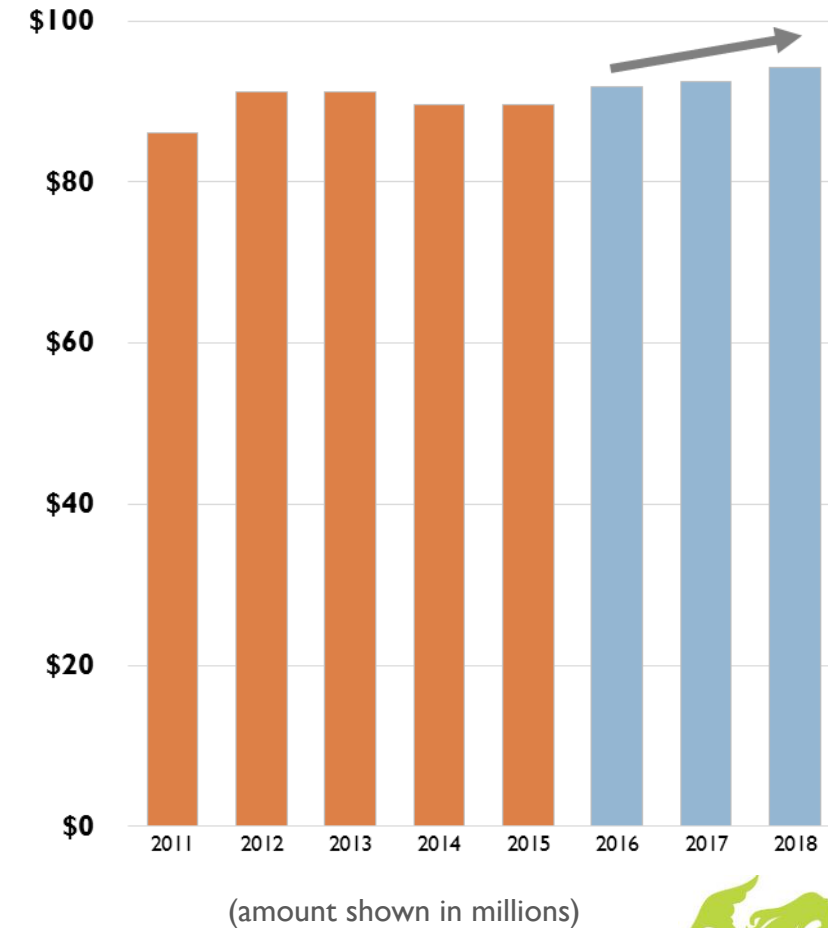
Sales Tax



Meals/Hotel Tax



All Other Local Taxes



Placemaking is Working



We are Creating Jobs

5,000+ jobs
between now
and 2018



MOVEMENTMORTGAGE



Leveraging Public Private Partnerships

Fostering new business growth by...

- Collaborating and encouraging street level vibrancy



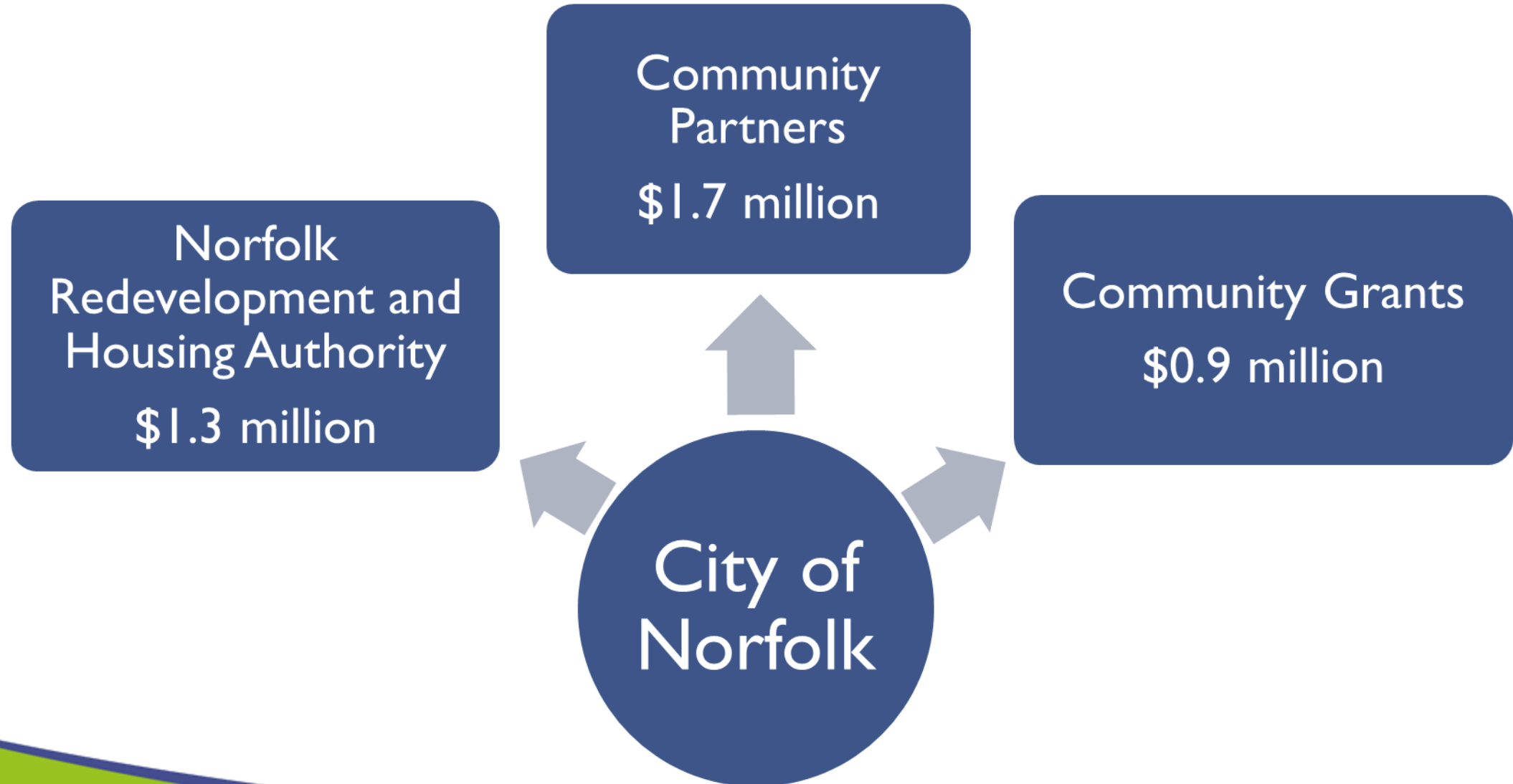
Performance Based Grants are...

- An effective and unique tool
 - Entices companies to choose Norfolk
- That requires no front-end investment
 - Share in *future* revenue growth

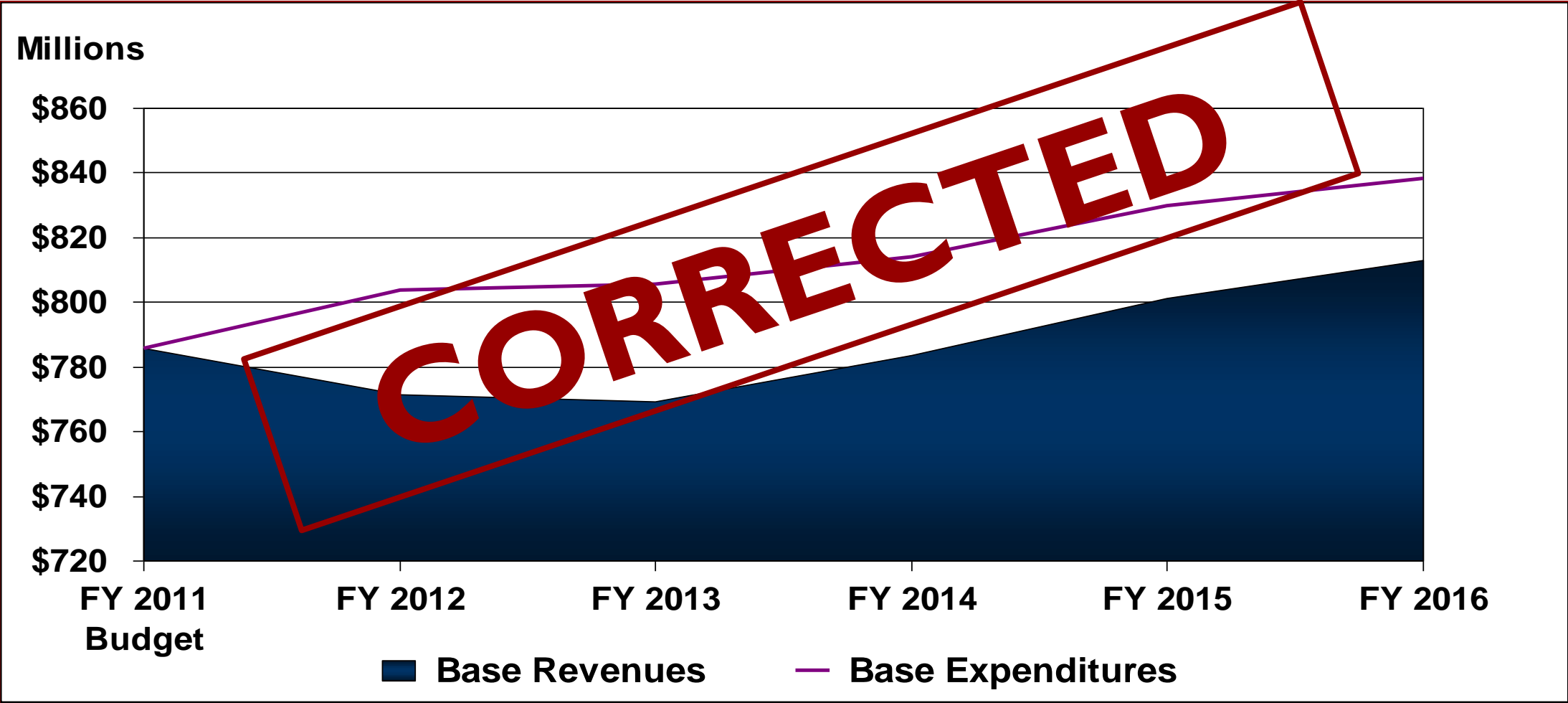
VIBRANT SPACES



Investing in Community Based Organizations

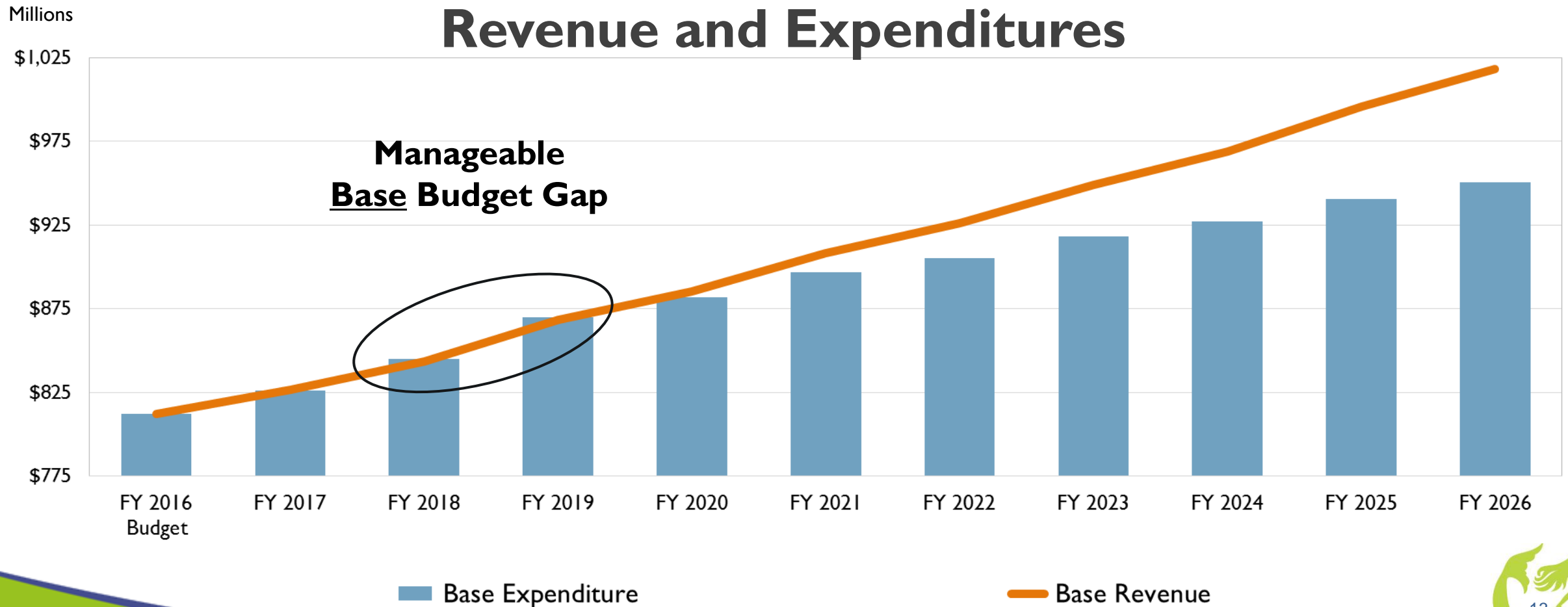


The Previous Five-Year Forecast was gloomy with gaps ranging from \$26 million to \$36 million



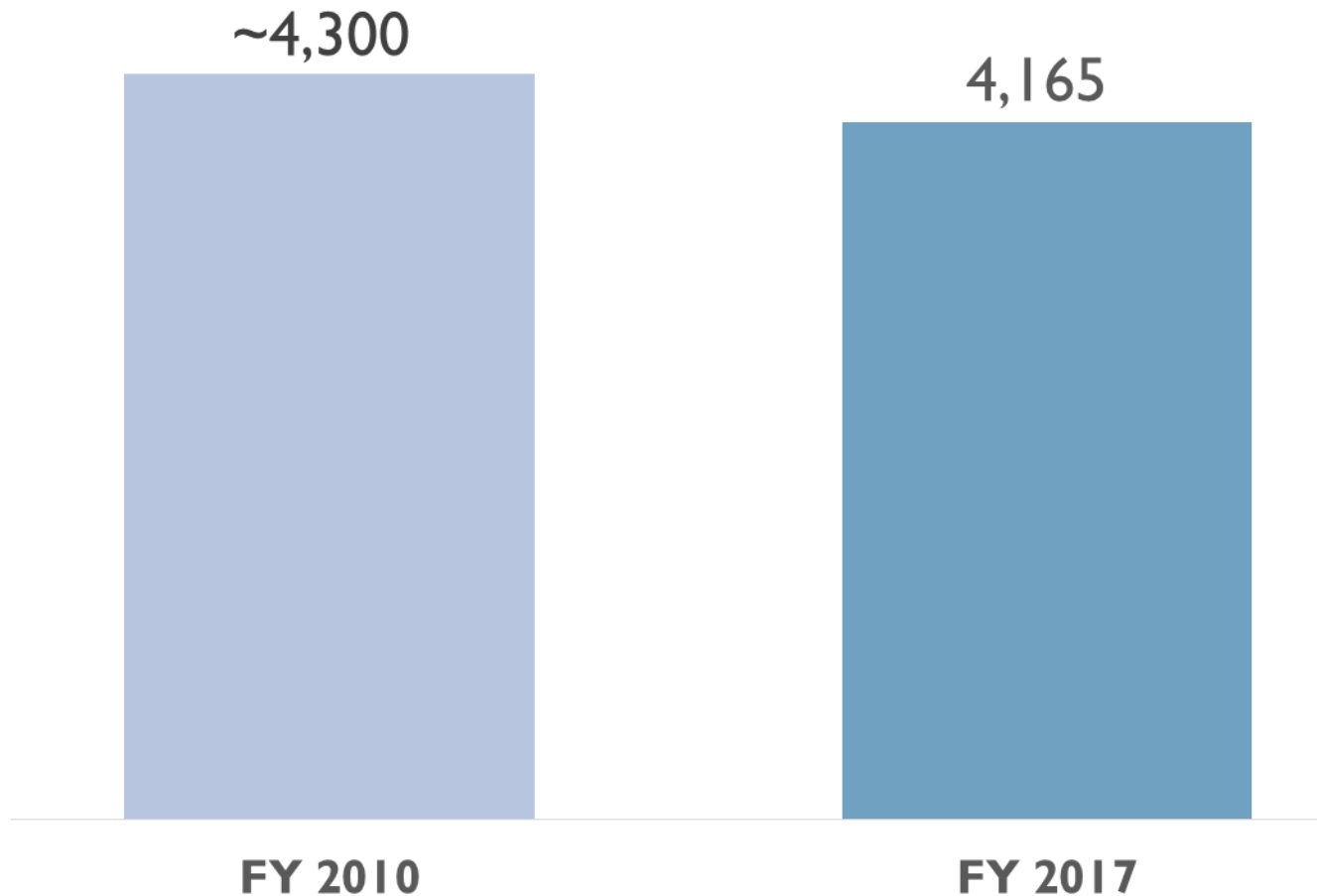
...the Current Ten-Year Outlook is Stable

Preliminary Base Forecast of General Fund Revenue and Expenditures



Providing Outstanding Core Services

General Fund City Employees



FY 2010 adjusted to reflect changes in General Fund department composition.

- Norfolk's population has grown by over 4,000 residents from the 2010 census
- Staffing levels are lower over this same time period

Need to Remain Disciplined

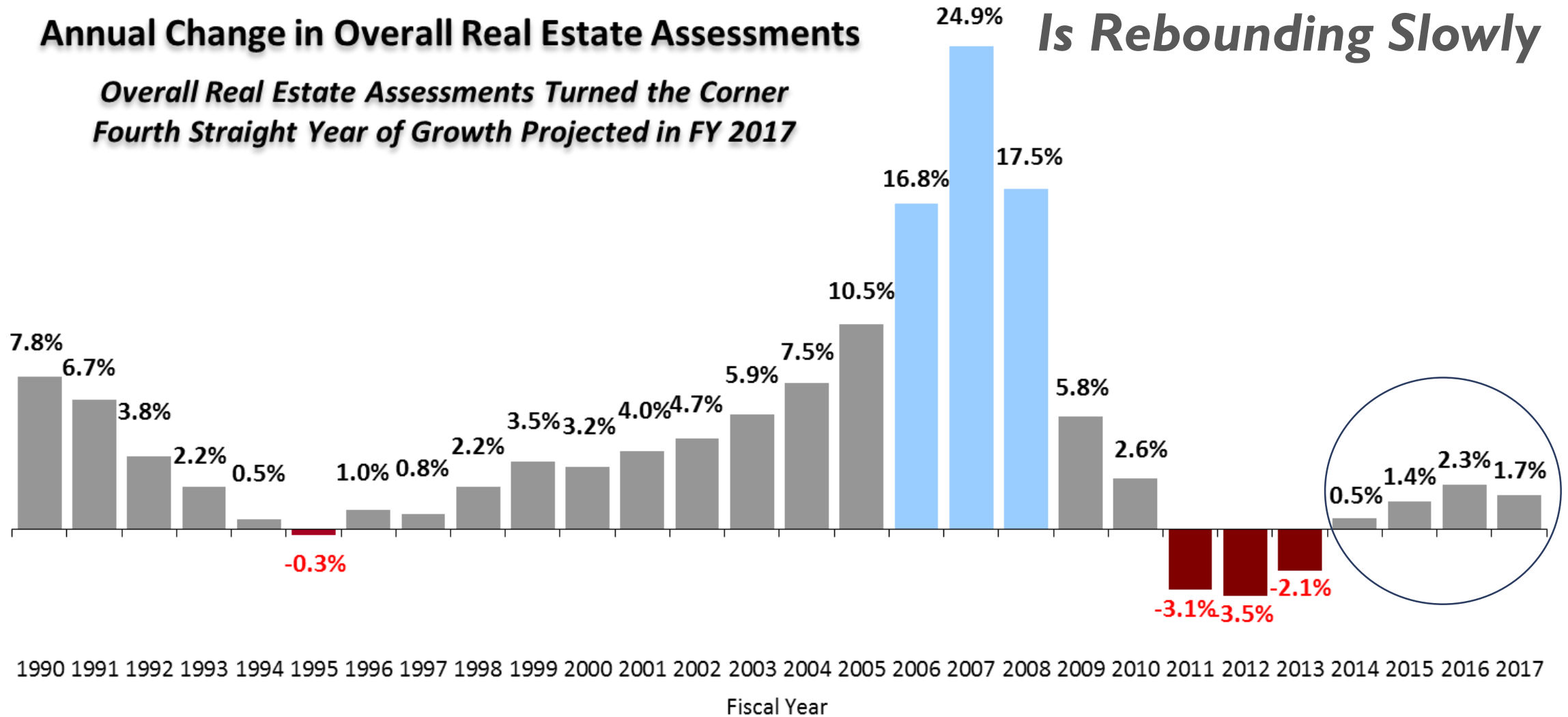
- ✓ Preserve a structurally balanced budget
- ✓ Maintain reserves
- ✓ Manage our debt
- ✓ Maintain an adequately funded retirement system
- ✓ Attract and retain talent

Our Largest Local Revenue Source...

Annual Change in Overall Real Estate Assessments

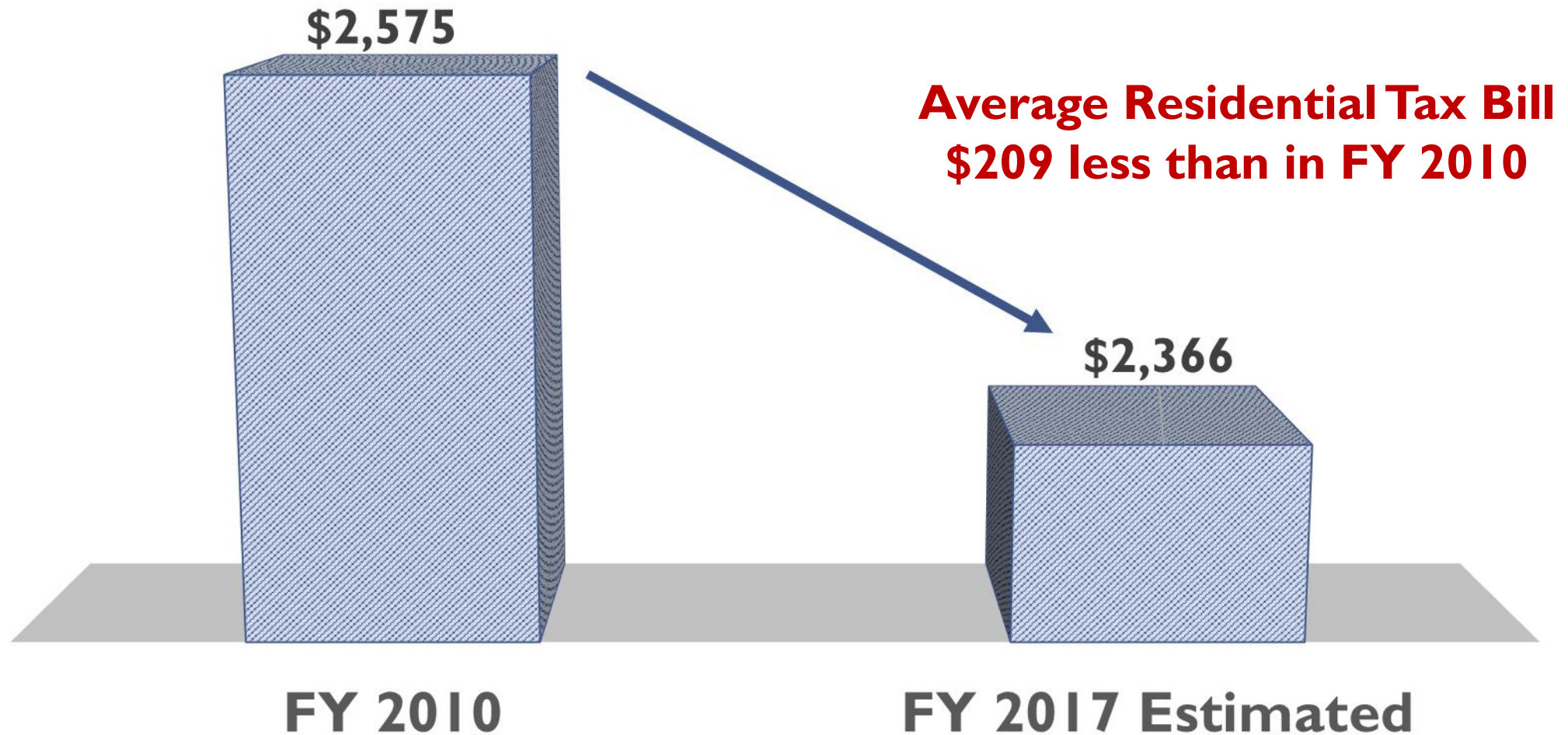
Is Rebounding Slowly

*Overall Real Estate Assessments Turned the Corner
Fourth Straight Year of Growth Projected in FY 2017*



Source: Real Estate Assessor annual report (various years) and Real Estate Assessor FY 2017 projected growth on July 1, 2016

Residents Continue to Pay Less

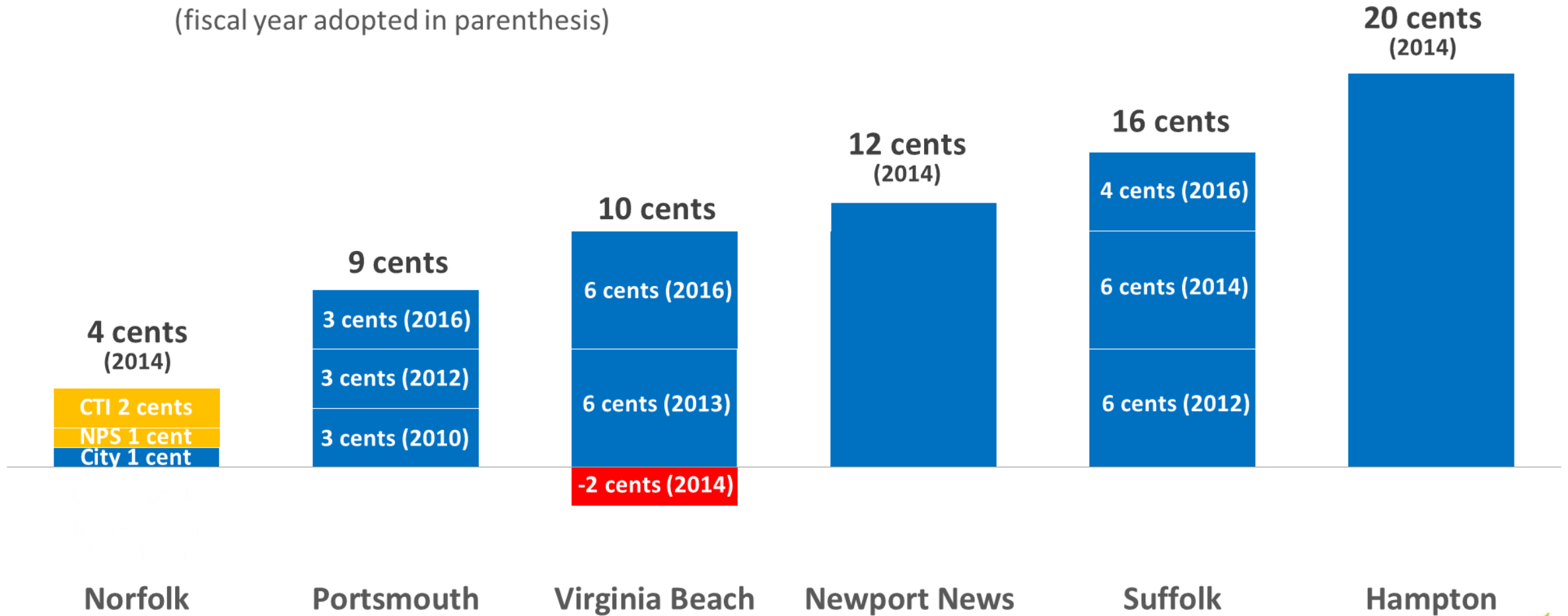


FY 2017 based on Real Estate Assessor estimate of residential assessments (with condominiums) and number of parcels in FY 2016

Managed through the Recession

Local Real Estate Tax Changes Since FY 2010

(fiscal year adopted in parenthesis)



While this Scenario is Good for Residents...

Norfolk
Public
Schools

Retiree
Cost of Living
Adjustments
(COLAs)

Compensation
Increases

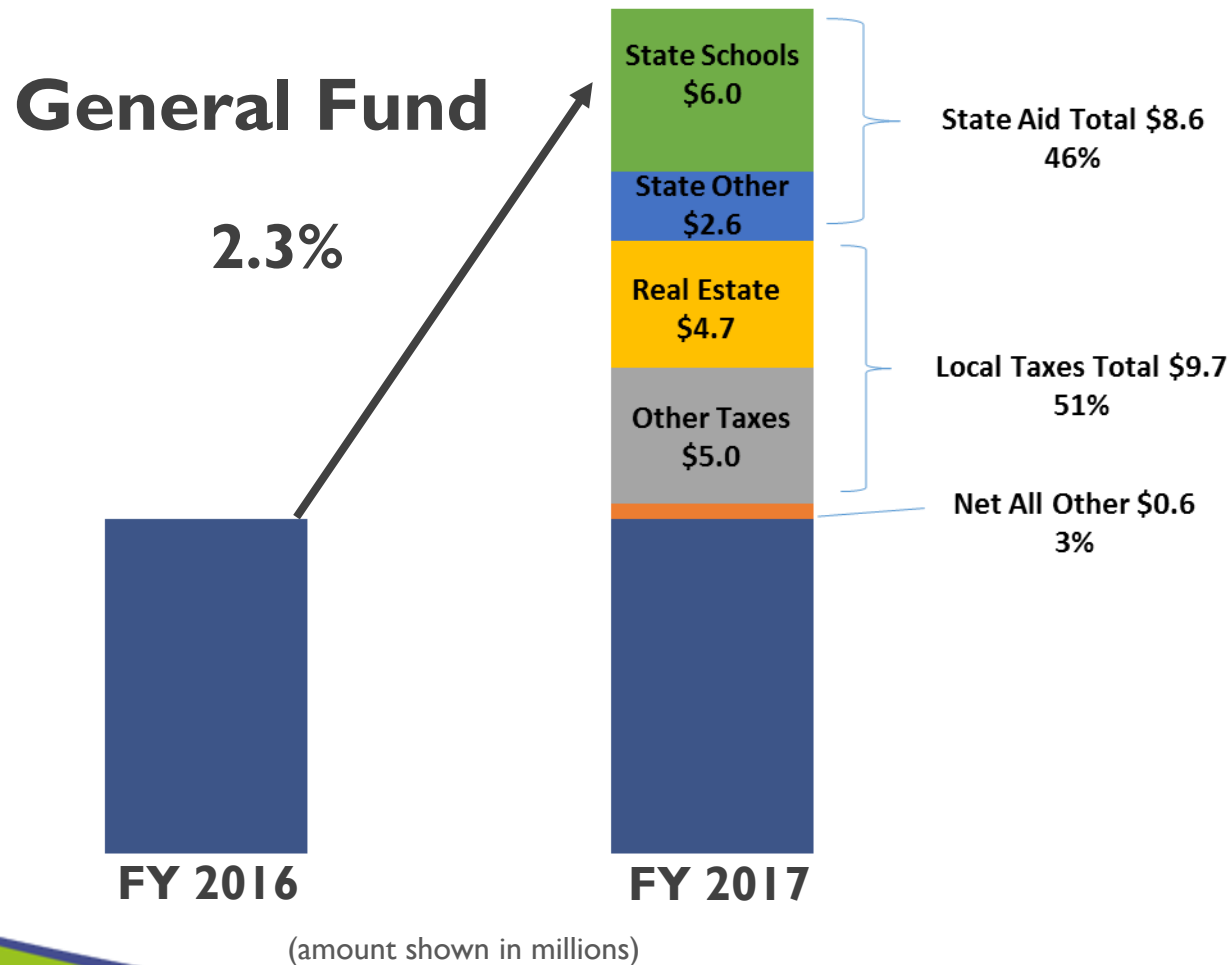
Infrastructure

... It Presents Challenges for Meeting Funding Requests

Sticking with the Five-Pronged Approach



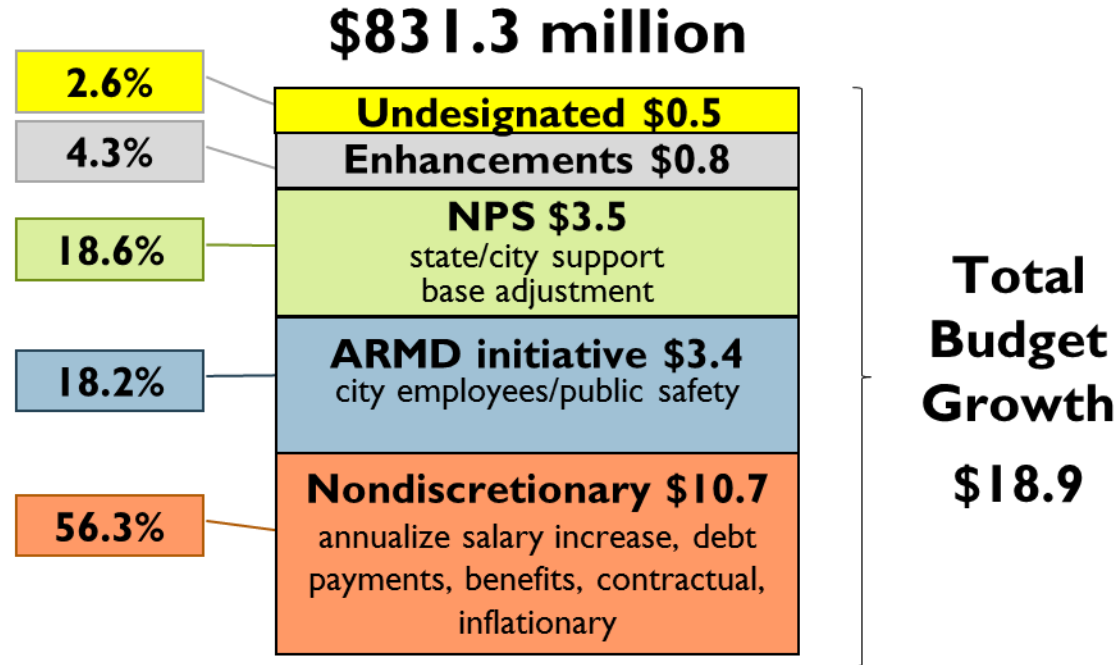
Proposed FY 2017 Budget Overview Revenue



- Total Revenue Growth \$18.9 million
- Almost half of the growth in revenue comes from the state
 - ✓ Majority of the growth is for Norfolk Public Schools
- General Fund growth in-line with other Hampton Roads cities

Proposed FY 2017 Budget Overview

Expenditures



**FY 2016
Budget**

\$812.4 million

The Future Begins with our Workforce



4th Largest Employer
in the city

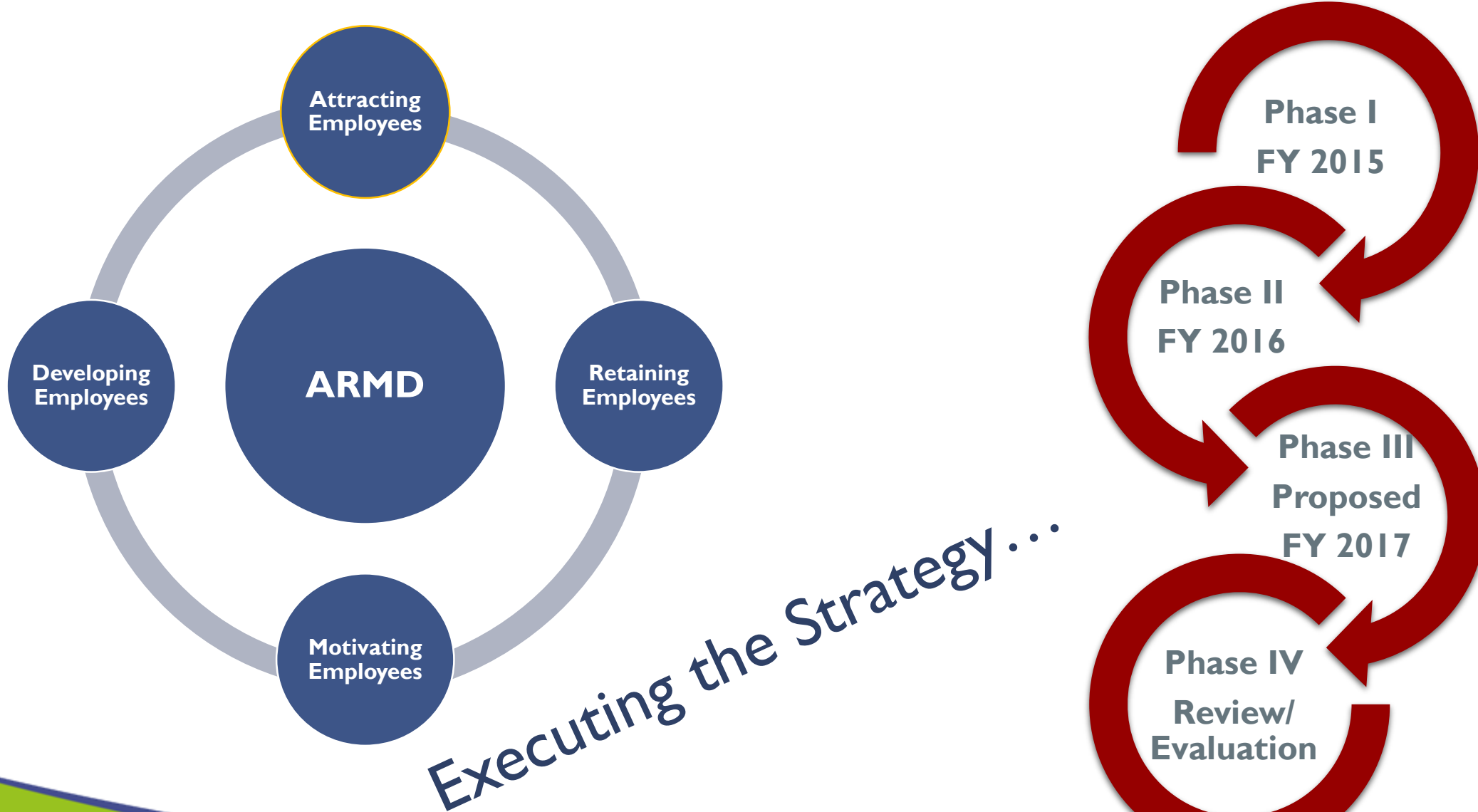


Talented professionals



Embracing public
service

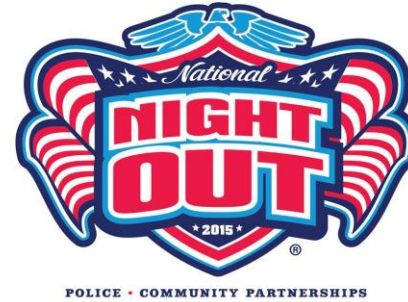
Valuing Team Norfolk



Investing in our Employees

- Two percent general wage increase for city employees
 - Beginning January 2017
 - Fifth consecutive year of two percent general wage increases
- Market adjustments for 347 positions
 - Impacts 33 classifications
- Living wage increase to meet the federal poverty level for a family of four
- Step increase for sworn Sheriff employees
- Redesigned compensation plan for sworn Police and Fire

Public Safety Community Engagement



Public Safety Staying Competitive...



Attraction

- Increase recruit pay to \$40,000

Retention

- Strategic five percent salary increases

Motivation

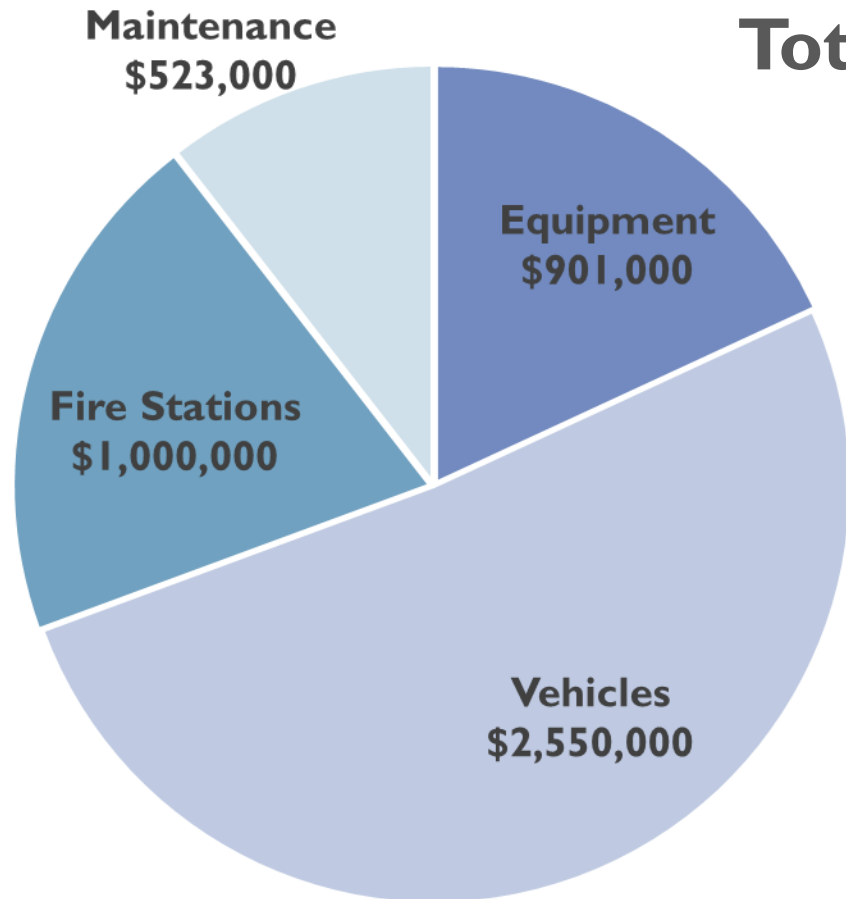
- Reach top pay faster

Development

- Enhance career progression opportunities



Continuing the Investment in Public Safety



Note: Includes CDBG re-programed and CIT funds

- Investments reflect all available resources
- Maintains adequate fleet, equipment, and repair needs
- Promotes best practices
 - Body Cameras
 - Crisis Intervention Team

Investing in our Retirees

- Deferred Retirement Option Program (DROP)
 - Established in January 2015 for sworn Police and Fire employees
 - Approximately 80 participants
- Recent supplements and one-time COLAs

Fiscal Year	Action
FY 2013	2 percent COLA
FY 2015	\$300 supplement
FY 2016	\$300 supplement

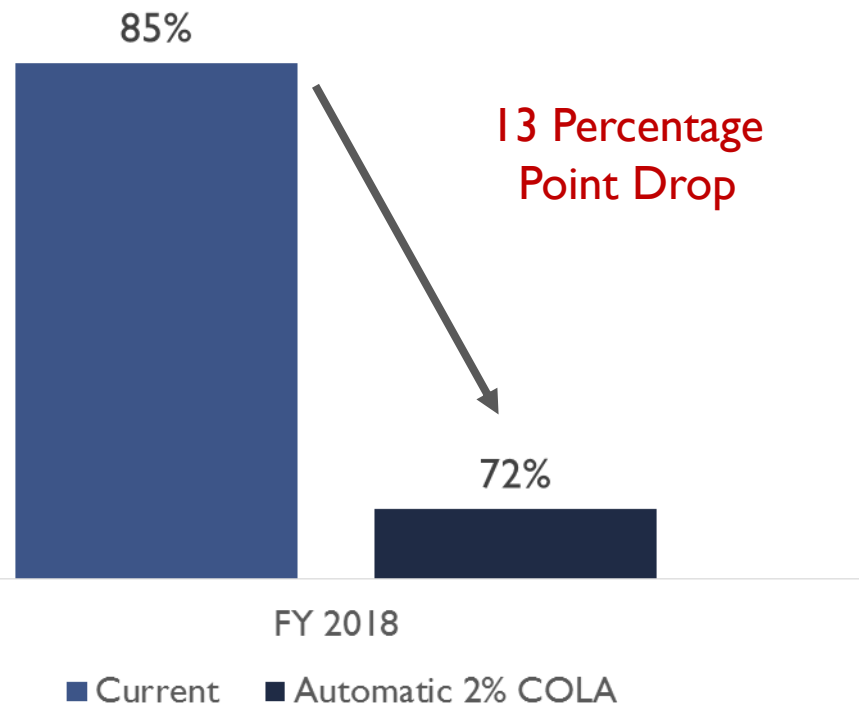


Providing for a One-Time COLA

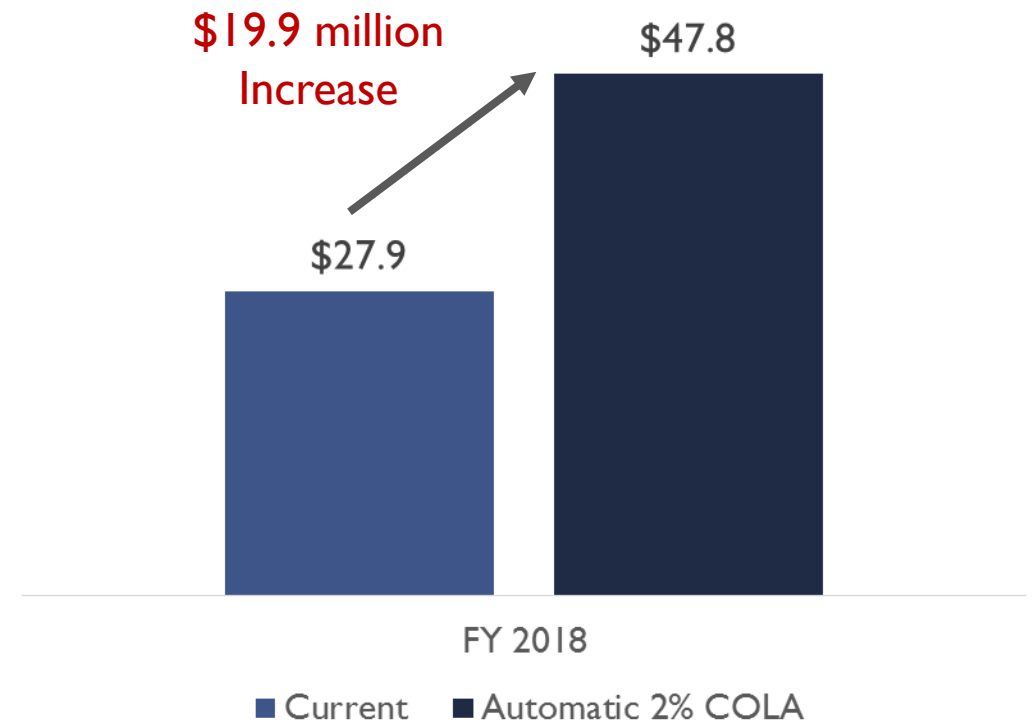
- Proposed FY 2017 Budget includes a one-time, two percent COLA
- Structured one-time payment in a way that mitigates impact to funded status
- Resolution to fund future one-time COLAs or bonuses out of the General Fund

What an Automatic COLA does...

Funded Status



General Fund Cost



Note: calculations assume investment rate of return of 7%

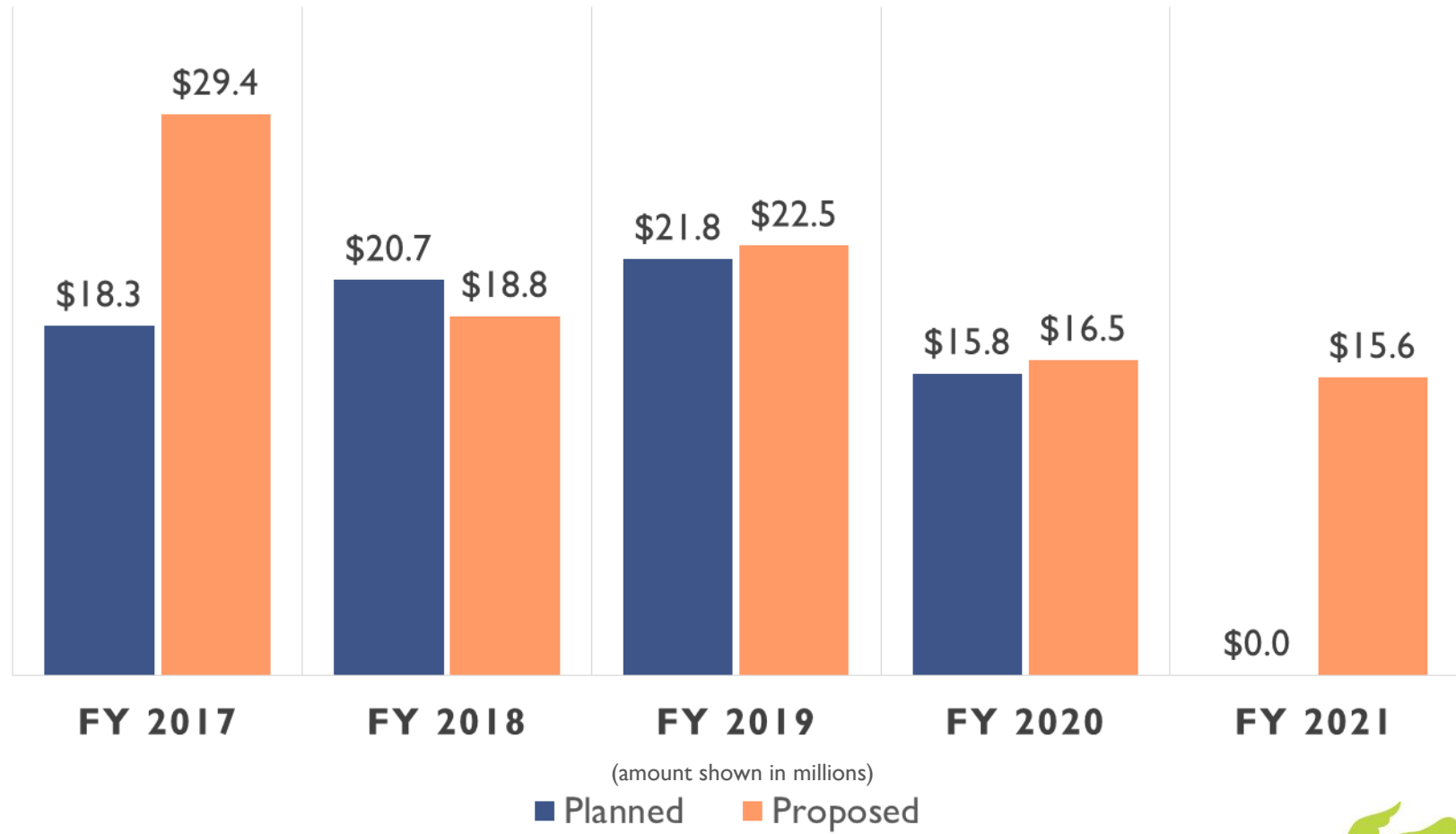
Taking Care of Infrastructure...

Returning to Normal

Generational Projects

- Light Rail
- Consolidated Courthouse
- Six Elementary Schools
- Slover Library

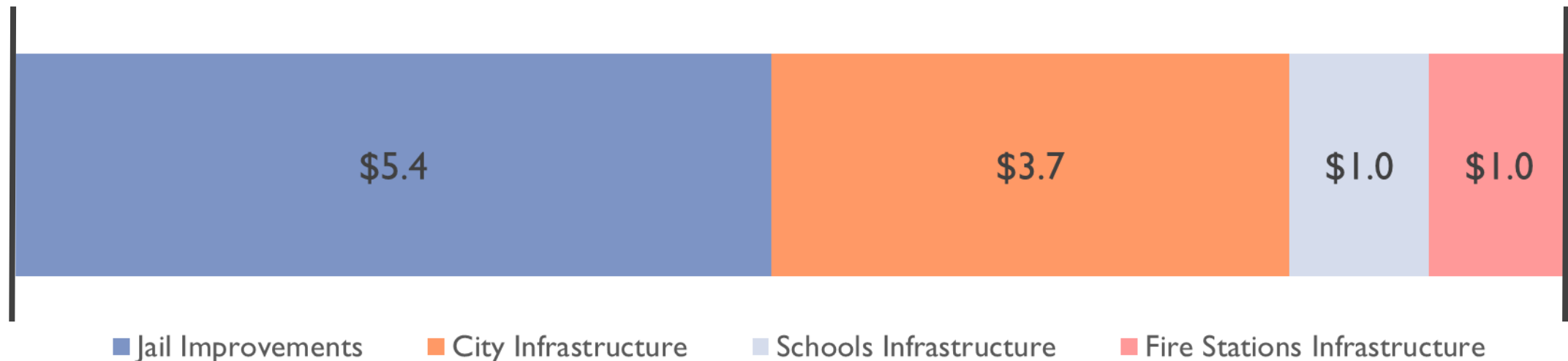
GENERAL CAPITAL FIVE-YEAR CIP



Ongoing General Capital Maintenance Budget is approximately \$25 million

The Proposed FY 2017 General Capital CIP Increase for Infrastructure Projects

Additional CIP Funds



FY 2017 Planned
\$18.3 million

FY 2017 Proposed
\$29.4 million

Focus of this Budget

Building on the
momentum

Remaining
financially sound

Gearing up for
our future

Designing the Coastal Community of the Future



NORFOLKVISION2100

Collaboration and Consolidation...

- Norfolk Cares Call Center
- General Services
- Development Services Center
- Neighborhood Development
- Communications and Marketing

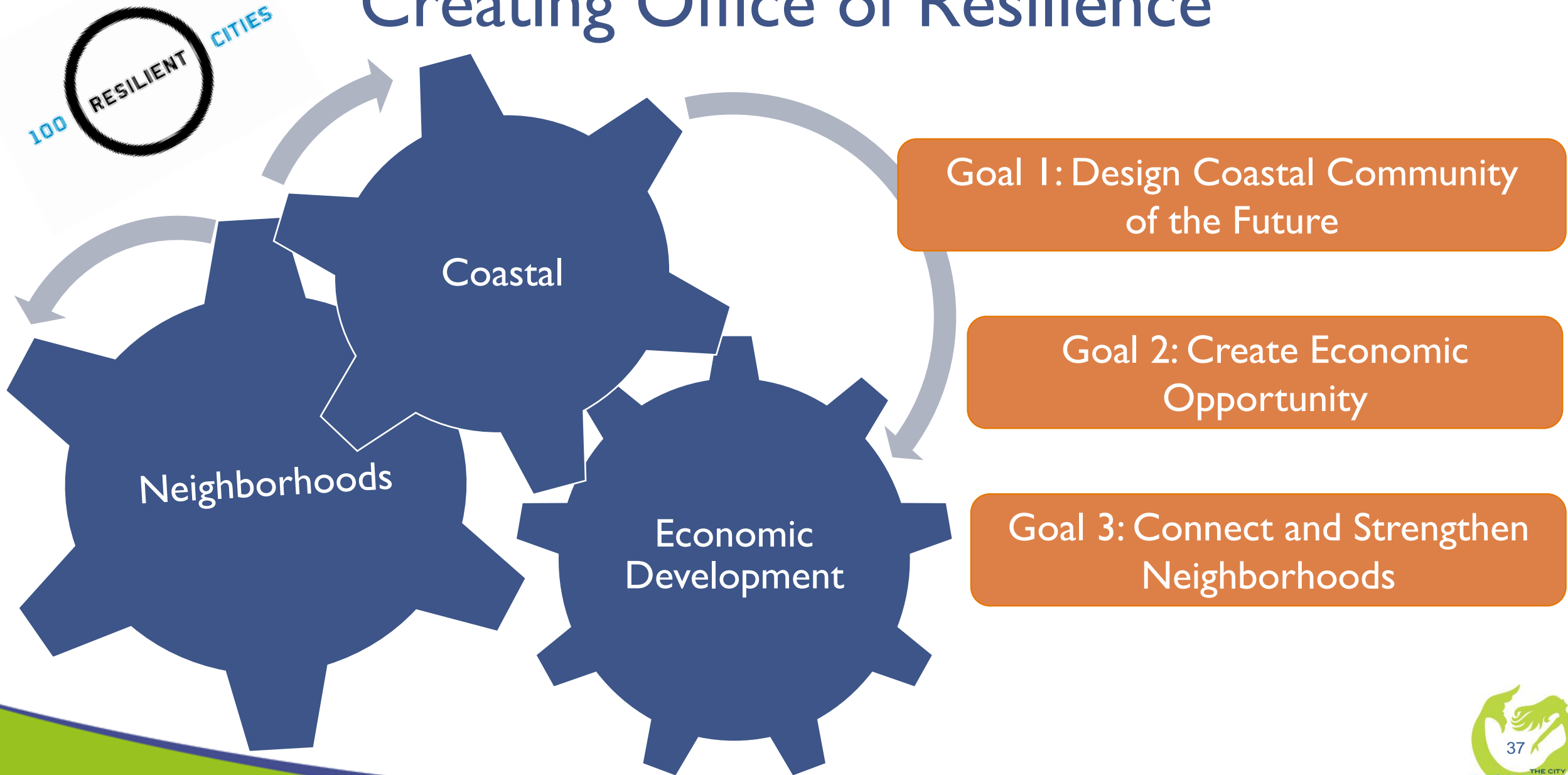
Development Services Center

City of Norfolk

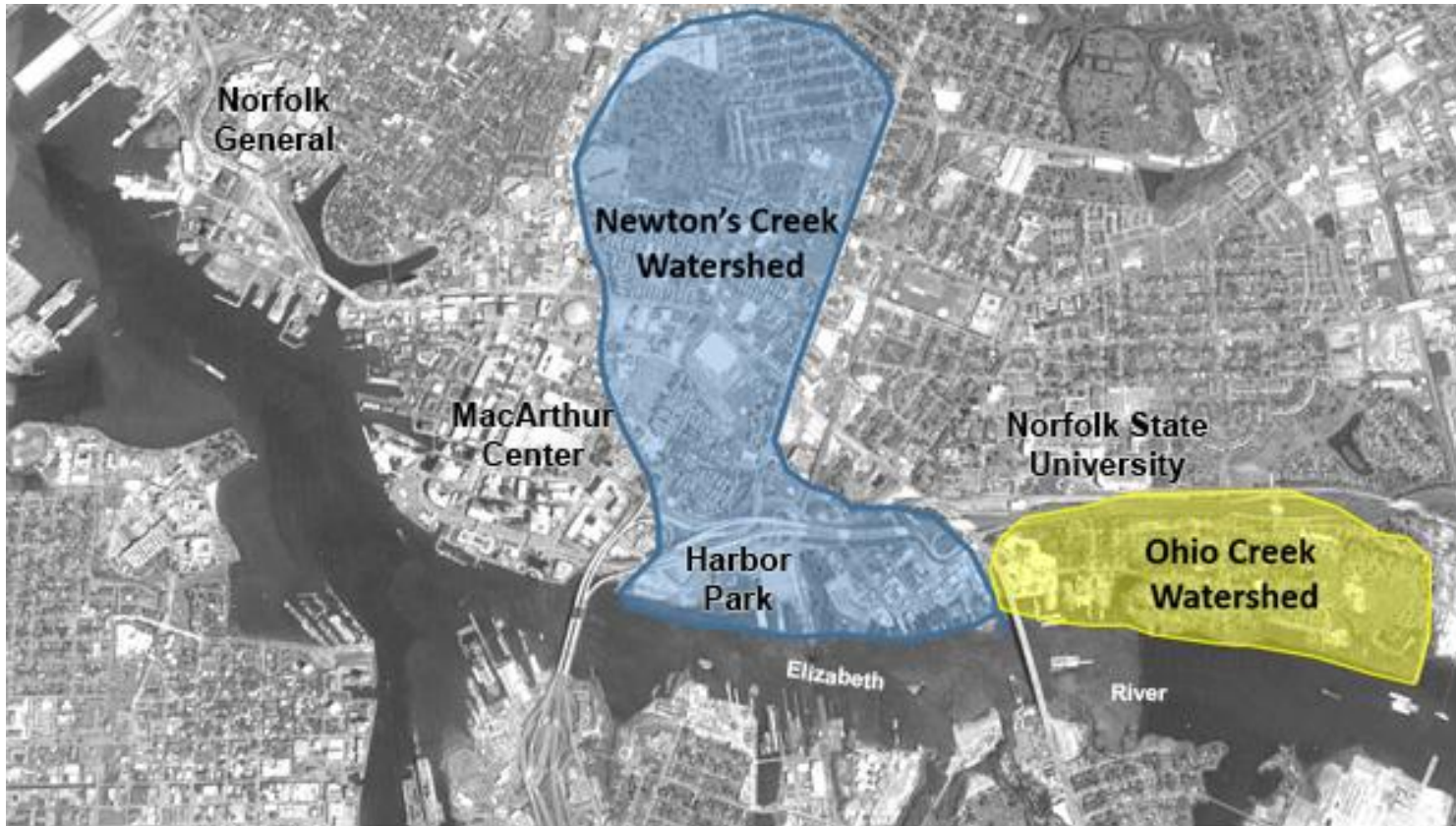


...have Improved Customer Service

Creating Office of Resilience

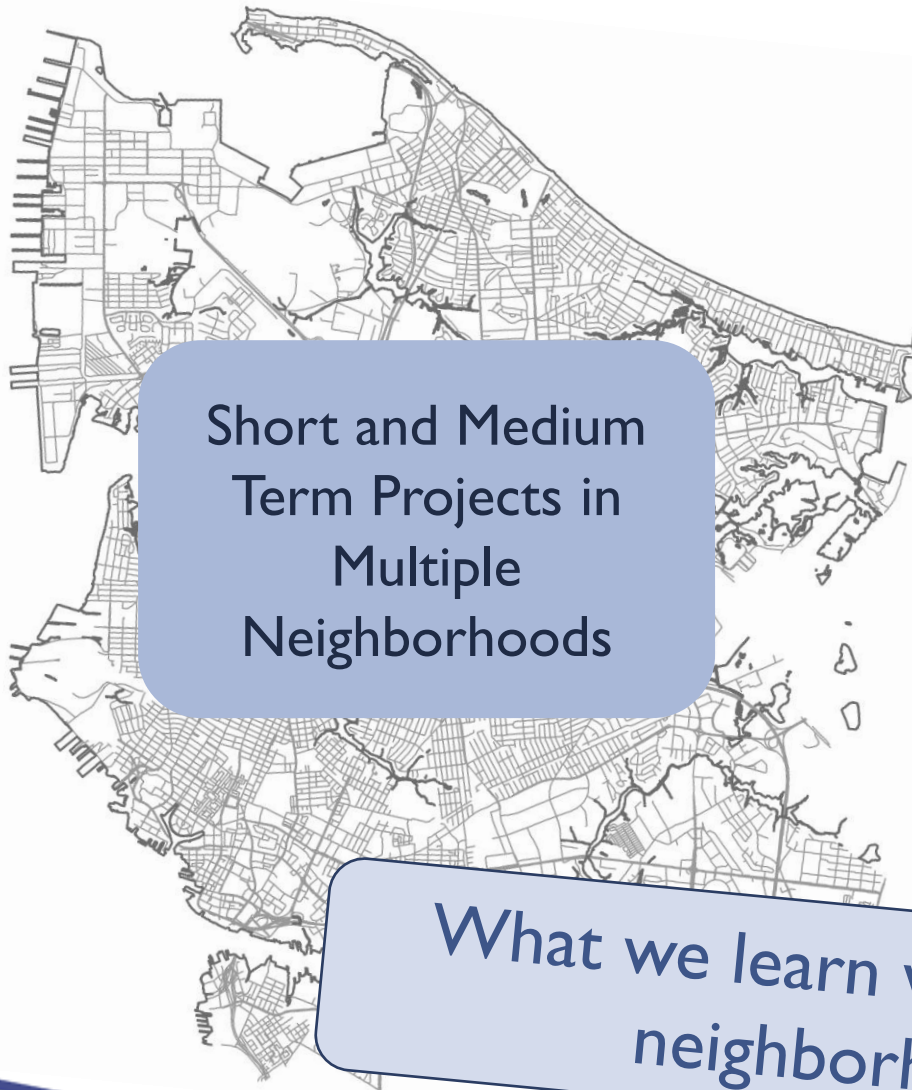


Leading Global Coastal Resilience Efforts



- \$120.5 million Federal Grant
- \$115.5 million for Ohio Creek Watershed – green infrastructure projects
- \$5 million for Coastal Resiliency Laboratory and Accelerator Center

Discovering What Works



Short and Medium
Term Projects in
Multiple
Neighborhoods

What we learn will influence all
neighborhoods...

Long Term
Watershed Projects

7 Citywide

5 Willoughby,
Chesapeake Shoreline
and Mason Creek

4 Little Creek

6 Lafayette

1 Hague

3 Broad Creek

2 Elizabeth River

Neighborhood Resilience

Resilience

Milan * New York City * Quito
Melbourne * Rome * Thessaloniki
Rotterdam * Athens
Dakar * Juarez
Dallas * Vejle * Norfolk
Medellin * Bangkok
Lima * Barcelona
Rome * Chicago
New Orleans * Kigali
Singapore * Lisbon
Cali * Santiago de Chile
Belgrade * Ramat Gan
Montreal * Manila
London * El Paso
Surat * Jacksonville * San Francisco
Durban * Sydney * Pittsburgh
Amman * Semarang * Enugu
Porto Alegre * San Francisco
Deyang * Santiago, Metropolitan
Region * Ashkelon * Wellington
City * St. Louis * Toyama * Byblos
Arusha * Christchurch * Tulsa
Chennai * Oakland * Bristol
Santa Fe * Berkeley * Boulder

GOAL 3 Advance initiatives to connect communities, deconcentrate poverty, and strengthen neighborhoods.

STRATEGIES

1. Improve citizen access to information and services.
2. Support community-building efforts through technology.
3. Connect the community through conversation.

Revitalization



NORFOLK PLAN
to
REDUCE POVERTY

Executive Summary

*The Mayor's
Commission
on Poverty Reduction*

PREPARED BY
Communitas Consulting

June 2014

Strengthening Neighborhoods



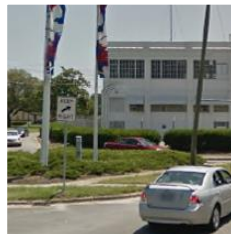
Broad Creek

Wards
Corner



Southside

Fairmount
Park



Priority Target Areas

- ⇒ Broad Creek
- ⇒ Central Business Park
- ⇒ Church Street Triangle
- ⇒ Downtown
- ⇒ East Ocean View
- ⇒ Fort Norfolk
- ⇒ Hampton Boulevard
- ⇒ Little Creek
- ⇒ Military Circle
- ⇒ Newtown Rd./ Kempsville Rd.
- ⇒ Saint Paul's
- ⇒ Southside
- ⇒ Tidewater Drive South
- ⇒ Wards Corner

\$2.5
million

Emerging Districts

Church Street
Downtown Arts &
Design District
Five Points
Ocean View
Park Place/ 35th Street

Leveraging Resources...



...for Neighborhood Infrastructure

Creating Great Public Spaces...

throughout the Community

Broad Creek Library



Simon Recreational Amenities



New Southside

- Library
- Walking Trails
- Aquatic Center

Neighborhood Partnerships...



Economic Resilience

Milan * New York City * Quito
Melbourne * Rome * Thessaloniki
Rotterdam * Athens * Paris
Dakar * Juarez * Boston
Dallas * Vejle * Norfolk, Virginia
Medellín * Bangkok * Rio de
Janeiro * Barcelona * Los Angeles
Rome * Chicago * Da Nang
New Orleans * Kigali * Huangshi
Singapore * Lisbon * Mexico City
Cali * Santiago de los Caballeros
Belgrade * Ramallah * Glasgow
Montreal * Mandalay * Accra
London * El Paso * Bangalore
Surat * Jacksonville * San Juan
Durban * Sydney * Pittsburgh
Amman * Semarang * Enugu
Porto Alegre * San Francisco
Deyang * Santiago, Metropolitan
Region * Ashkelon * Wellington
City * St. Louis * Toyama * Byblos
Arusha * Christchurch * Tulsa
Chennai * Oakland * Bristol
Santa Fe * Berkeley * Boulder

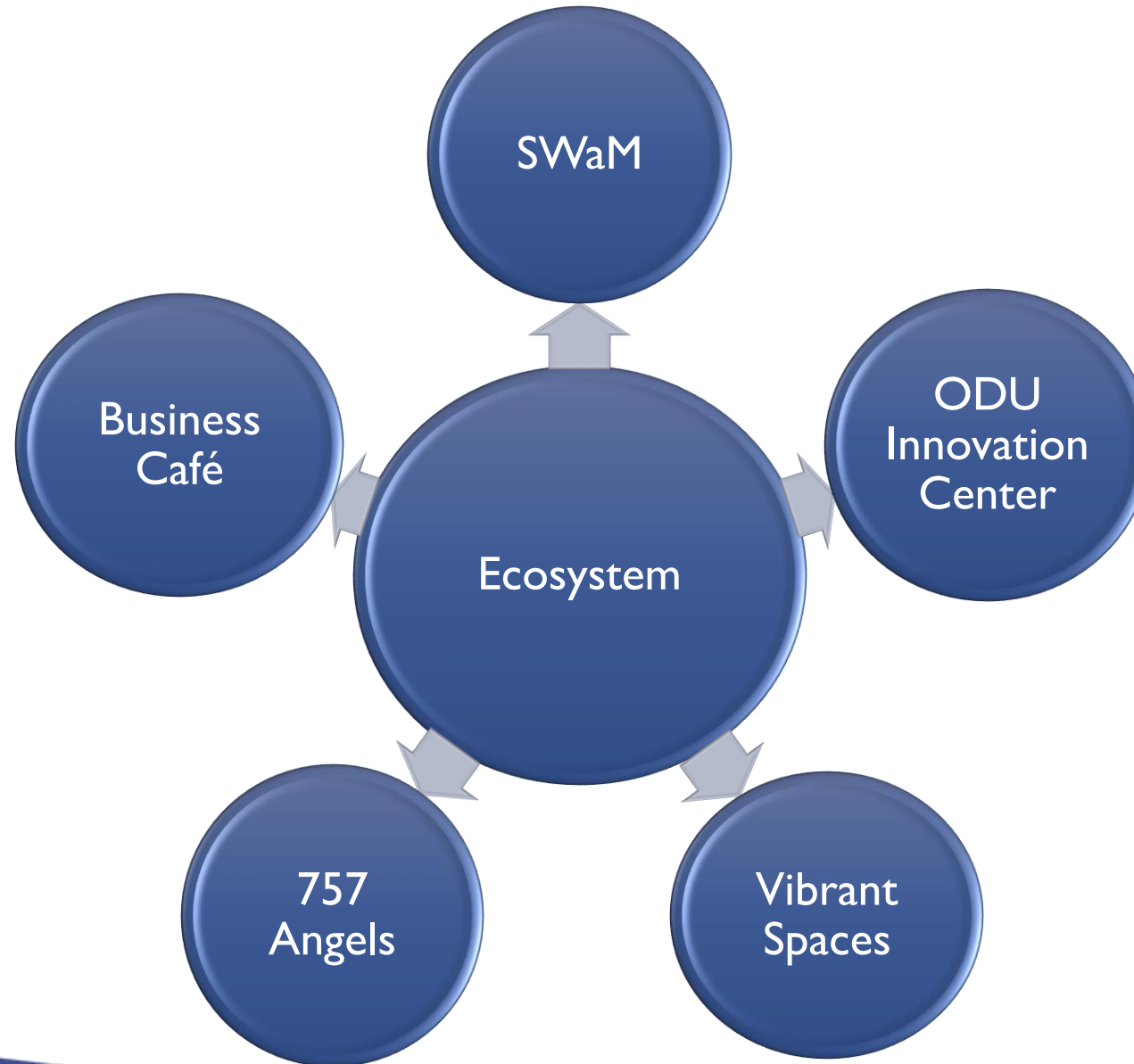
GOAL 2

Create economic opportunity by advancing efforts to grow existing and new sectors.

STRATEGIES

1. Create a multi-pronged economic development strategy.
2. Nurture the city's entrepreneurial ecosystem.
3. Strengthen the workforce development pipeline.
4. Reinvest in and revitalize neighborhoods.
5. Explore innovative financing methods.

Nurturing the Entrepreneurial Ecosystem



INNOVATION
FUND

GROW
NORFOLK
FUND

Connecting Communities...

Broadband Initiative = \$4.1M



- Build out fiber network ring
- Increase bandwidth
- Provide WiFi connection points
- Pilot projects in neighborhoods and commercial corridors

...Partnering with Private Sector

Elizabeth River Trail Placemaking and Technology Zone



Greater Norfolk Corporation

...Partnering with Arts & Culture



NATO Festival



Botanical Gardens



Festevents

Diverse
Authentic
Culture
Arts
Historic



Chrysler Museum



Virginia Arts Festival

Tourism helps drive the economy

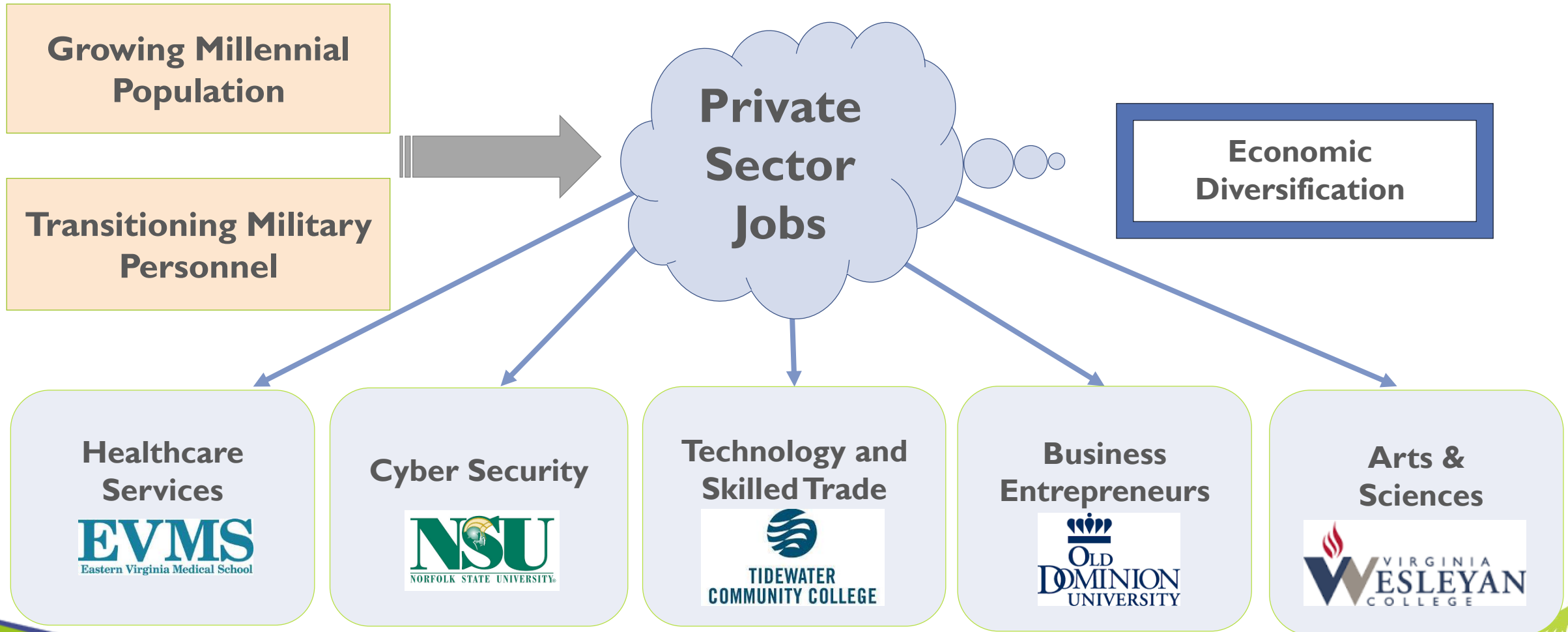
...Partnering with Universities



*Promoting the
Authentic
Urban Experience*

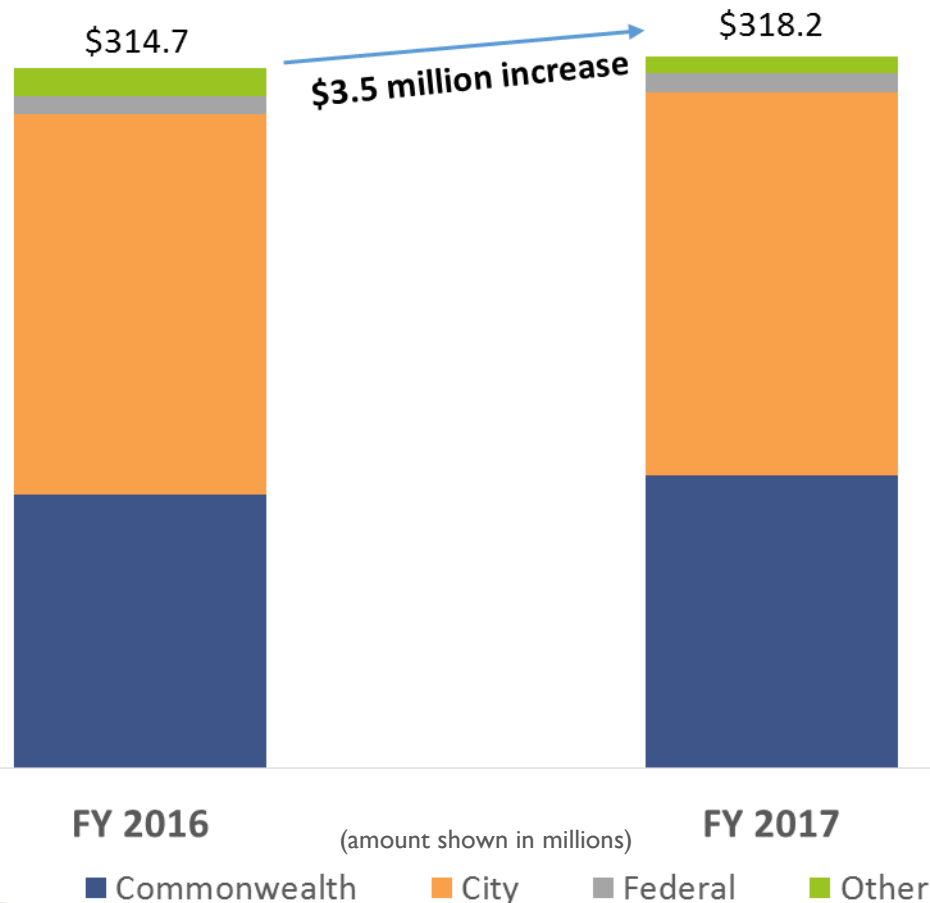


To Attract and Retain Talent...



...In Partnership with Norfolk Public Schools

FY 2016 vs. FY 2017 NPS Funding



High School Career Preparation Programs:

- Maury – Medical and Health Specialties
- Granby – International Baccalaureate
- Lake Taylor – Academy for Leadership and Military Science
- Norview – Leadership Center for Sciences and Engineering
- Booker T. Washington – Academy for the Arts

Proposed FY 2017 Budget Breakdown

Fund	Proposed Budget
General Fund	\$831,261,000
Enterprise Funds	\$138,036,398
Special Revenue Funds	\$61,120,099
Internal Service Funds	\$101,476,600
Total Operating Funds	\$1,131,894,097
Capital Improvement Plan	\$83,029,200
Total Operating and Capital Funds	\$1,214,923,217
Annual Plan for HUD Block Grants	\$6,338,317
Total Financial Plan	\$1,221,261,614

The City of Norfolk is a vibrant, historic port city...



...Where diverse citizens, military, and businesses are building the economy, neighborhoods, and culture into the most livable urban waterfront in America